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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

6/15/2018 8:54 am

U.S. DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
LONG ISLAND OFFICE

-----X Docket#
UNITED STATES OF AMERICA : 17-cr-00372-JS-GRB
:
- versus - : U.S. Courthouse
: Central Islip, New York
DENNIS VERDEROSA, :
Defendant : April 25, 2018
-----X

TRANSCRIPT OF CRIMINAL CAUSE FOR GUILTY PLEA
BEFORE THE HONORABLE GARY R. BROWN
UNITED STATES MAGISTRATE JUDGE

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Proceedings

1 THE CLERK: Calling 17-cr-372, United States of
2 America v. Dennis Verderosa.

3 Counsel, please state your appearances for the
4 record.

5 MR. KNAPP: Good afternoon, your Honor.

6 For the United States, Assistant United States
7 Attorney Whitman Knapp, sitting next to me is Special
8 Agent Craig Minsky, who is the agent on this case.

9 Good afternoon, your Honor.

10 THE COURT: Good afternoon.

11 MR. KNAPP: Thank you.

12 THE COURT: Welcome. Counsel?

13 MR. ZELIN: Good afternoon, your Honor.

14 My name is Randy Zelin, A-E-L-I-N. I represent
15 Dennis Verderosa, who is seated to my right and your
16 Honor's left.

17 THE DEFENDANT: Good morning, your Honor.

18 THE COURT: Mr. Verderosa, good morning and Mr.
19 Zelin, I am not sure we've seen each other in this
20 century but we have seen each other before.

21 MR. ZELIN: We have, your Honor.

22 THE COURT: A very long time ago, but good to
23 see you again. All right.

24 MR. ZELIN: Thank you. You, too.

25 THE COURT: All right.

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1 Mr. Knapp, what are we doing today?

2 MR. KNAPP: Your Honor, we're here today for a
3 change of plea hearing.

4 THE COURT: Excellent. All right. So let's
5 begin -- Mr. Verderosa, I am going to begin with you.
6 Just keep the mic close, because we're making a record,
7 okay?

8 THE DEFENDANT: Yes, sir.

9 THE COURT: Have you had enough time to talk to
10 your attorney and do you understand what we're doing here
11 today?

12 THE DEFENDANT: Yes, sir.

13 THE COURT: All right. Very good.

14 And I am going to ask you, one other matter, a
15 preliminary matter, your case is assigned to Judge
16 Seybert. She's a district judge. I'm a magistrate
17 judge. She's busy this afternoon. She asked me to
18 handle this and the way this works is I will hear the
19 plea and make a recommendation to her, if that's okay
20 with you.

21 Is that okay with you?

22 THE DEFENDANT: Yes, sir.

23 THE COURT: All right. Then we'll proceed.
24 And you signed this document understanding all of that?

25 THE DEFENDANT: Yes, sir.

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1 THE COURT: Excellent. All right.

2 So then, sir, before I recommend to Judge
3 Seybert that she consider your plea, there are some
4 questions I have to ask you to make sure that the plea is
5 valid. So if at any point you don't understand my
6 questions because they're important, just tell me and I
7 will rephrase or I will ask it again, okay?

8 THE DEFENDANT: Yes, your Honor.

9 THE COURT: Oh, good. First I am going to ask
10 you to stand up for a moment and my clerk is going to
11 swear you in, if you can. Are you able?

12 THE DEFENDANT: Yeah.

13 THE COURT: Okay.

14 THE DEFENDANT: Yes, sir.

15 THE COURT: Okay. Thank you.

16 THE DEFENDANT: Sorry.

17 **D E N N I S V E R D E R O S A ,**

18 **called as a witness, having been first duly sworn,**
19 **was examined and testified as follows:**

20 THE COURT: All right. Take your seat, sir.

21 Do you understand that having been sworn your
22 answers today are subject to the penalties of perjury or
23 of a different crime we call making a false statement if
24 you do not answer truthfully.

25 Do you understand that, right?

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1 THE DEFENDANT: Yes, sir.

2 THE COURT: Good. All right. How old are you?

3 THE DEFENDANT: I'm going to be 68.

4 THE COURT: 68. And are you a U.S. citizen?

5 THE DEFENDANT: Yes, sir.

6 THE COURT: How far did you go in school?

7 THE DEFENDANT: High school.

8 THE COURT: And are you presently or have you
9 recently been under the care of a doctor, a physician or
10 a psychiatrist?

11 THE DEFENDANT: I have been, yes.

12 THE COURT: Okay, for what?

13 THE DEFENDANT: A broken hip.

14 THE COURT: Wow, sorry about that. Are you on
15 any painkillers in connection with that?

16 THE DEFENDANT: No, sir. I don't believe them.
17 I don't want to get hooked on them.

18 THE COURT: Good. Are you on any other
19 medication that would interfere with your ability to
20 understand?

21 THE DEFENDANT: No, sir.

22 THE COURT: Okay. And then let me ask you
23 this, other than any prescribed medication in the past 24
24 hours, have you taken any narcotics, drugs, medicine or
25 pills or had any alcoholic beverages in the last 24

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1 hours?

2 THE DEFENDANT: I had a rum and Coke yesterday,
3 yes.

4 THE COURT: Okay. But that's not affecting you
5 now, is that fair to say?

6 THE DEFENDANT: No, sir.

7 THE COURT: Good. All right. Have you ever
8 been hospitalized or treated for a narcotics addiction?

9 THE DEFENDANT: No, none.

10 THE COURT: Is your mind clear today?

11 THE DEFENDANT: Yes, sir.

12 THE COURT: And you are confident you
13 understand what's going on?

14 THE DEFENDANT: Scared but yes, sir.

15 THE COURT: That's all right. If you want to
16 take a break at any point, you'll let me know. If you
17 want to talk to your attorney --

18 THE DEFENDANT: That's fine, sir, your Honor.

19 THE COURT: All right. Let me go to your
20 attorney for now.

21 Mr. Zelin, have you discussed this matter with
22 your client?

23 MR. ZELIN: Yes, your Honor.

24 THE COURT: Does he understand the rights that
25 will be waived by pleading guilty?

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1 MR. ZELIN: I believe that he does, your Honor.

2 THE COURT: All right. And is he capable of
3 understanding the nature of these proceedings?

4 MR. ZELIN: I believe that he is.

5 THE COURT: Do you have any question whatsoever
6 as to his competence to proceed today?

7 MR. ZELIN: No, your Honor.

8 THE COURT: Okay. Thank you. Sir, back to
9 you.

10 First of all, you have the right to plead not
11 guilty and if you have already entered a not guilty plea,
12 you can stand by that plea.

13 Do you understand that?

14 THE DEFENDANT: Yes, sir.

15 THE COURT: And if you plead not guilty, under
16 the Constitution and laws of the United States, you are
17 entitled to a speedy and public trial by a jury with the
18 assistance of counsel on the charges.

19 Do you understand?

20 THE DEFENDANT: Yes, sir.

21 THE COURT: Mr. Zelin, you're retained?

22 MR. ZELIN: I am, your Honor.

23 THE COURT: Okay. Sir, for any reason you
24 couldn't afford to pay an attorney for the trial, we
25 would appoint an attorney for you and the Court would pay

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1 for that.

2 You understand that, too, right?

3 THE DEFENDANT: Yes, sir.

4 THE COURT: Good. At the trial, you would be
5 presumed to be innocent and the government would have to
6 overcome that presumption and prove you guilty by
7 competent evidence and beyond a reasonable doubt and you
8 would not have to prove that you are innocent and if the
9 government failed, the jury would have the duty to find
10 you not guilty.

11 Do you understand all that?

12 THE DEFENDANT: Yes, your Honor.

13 THE COURT: In the course of the trial,
14 witnesses for the government have to come to court and
15 testify in your presence. And your counsel has the right
16 to cross-examine the witnesses for the government, to
17 object to the evidence offered by the government and to
18 offer evidence on your behalf.

19 Do you understand?

20 THE DEFENDANT: Yes, sir

21 THE COURT: And if there were witnesses that
22 were reluctant to come to trial, imagine that there were
23 witnesses that would be helpful for you, your lawyer
24 could get an order or a subpoena to force them to come
25 here and testify for you.

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1 Do you understand?

2 THE DEFENDANT: Yes, your Honor.

3 THE COURT: Good. At the trial, while you
4 would have the right to testify if you so chose to do so,
5 you would not be required to testify. Under the
6 Constitution of the United States, you cannot be
7 compelled to incriminate yourself. If you decided not to
8 testify, the Court would instruct the jury that they
9 could not hold that against you.

10 Do you understand?

11 THE DEFENDANT: Yes, your Honor.

12 THE COURT: If you plead guilty and I recommend
13 acceptance of that plea, and the plea is accepted, you
14 will be giving up your constitutional rights to a trial
15 and the other rights that I have just discussed.

16 There will be no further trial of any kind and
17 no right to an appeal or collaterally attack at any time
18 the question of whether you're guilty or not. A judgment
19 of guilty will be entered on the basis of your guilty
20 plea and that judgment can never be challenged.

21 Do you understand all that?

22 THE DEFENDANT: Yes, your Honor.

23 THE COURT: You may, and I emphasize may, and
24 we'll talk a little bit about this, have the right to
25 appeal with regard to sentence but not with regard to the

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1 guilty plea.

2 Do you understand the difference?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: All right. What we're saying is,
5 in other words, on the question of whether you did it or
6 not, if you say you did it today, we're done.

7 You got it?

8 THE DEFENDANT: Yes, sir.

9 THE COURT: Okay. Good. If you plead guilty,
10 I will have to ask you questions about what you did in
11 order to satisfy myself that you are guilty of the charge
12 or charges that you're pleading guilty to and you'll have
13 to answer those questions and acknowledge your guilt.
14 Thus, you'll be giving up your right not to incriminate
15 yourself.

16 Do you understand?

17 THE DEFENDANT: Yes, sir.

18 THE COURT: Are you willing to give up the
19 rights to a trial and the other rights I have just
20 discussed?

21 THE DEFENDANT: Yes, sir.

22 THE COURT: I am going to ask the prosecutor to
23 summarize the plea agreement. I know there's a plea
24 agreement here. Could you just, Mr. Knapp, could you
25 summarize the important parts of this?

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1 MR. KNAPP: I could and before I get to that,
2 may I just ask the Court and I may have missed this, just
3 to allocute the defendant as to his right to counsel at
4 trial and at other proceedings in the course of this
5 case.

6 THE COURT: I thought I did that pretty
7 extensively.

8 MR. KNAPP: Oh.

9 THE COURT: In fact, I told him if he couldn't
10 afford to pay Mr. Zelin, we would give him counsel and we
11 would pay.

12 MR. KNAPP: Then you're right and it was
13 something that I missed.

14 THE COURT: Okay.

15 MR. KNAPP: I apologize.

16 THE COURT: Sir, you got all of that, right?

17 THE DEFENDANT: Yes, your Honor.

18 THE COURT: The acoustics in here, meaning the
19 sound --

20 THE DEFENDANT: They're fine, sir.

21 THE COURT: Okay. As long as you -- they're
22 very bad. I just want to make sure you hear me. Good.
23 Okay.

24 So could you then summarize --

25 MR. KNAPP: If only the acoustics for the

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1 reason I didn't hear you, your Honor. My apologies.

2 THE COURT: Can you summarize the high --

3 MR. KNAPP: Yes.

4 THE COURT: -- points of the agreement?

5 MR. KNAPP: Certainly. The high points of the
6 agreement are that the defendant agrees to plead guilty
7 to Count 2 of the indictment. He agreed to additionally,
8 not to file an appeal or collaterally challenge the
9 conviction or the sentence in the event that the Court
10 imposes a term of imprisonment of 210 months or below.

11 Additionally, he consents to the entry of a
12 forfeiture money judgment in the amount of \$341,883.

13 The government agrees, subject to certain
14 enumerated exceptions, not to prosecute the defendant for
15 the conduct that's specified in paragraph 5(a) of the
16 agreement. There are other provisions, your Honor, but
17 these are the high level, most relevant provisions.

18 THE COURT: All right. Sir, do you understand
19 that, that that is a summary of the agreement? Yes?

20 THE DEFENDANT: Yes, sir.

21 THE COURT: Okay. And one part I want you to
22 pay particular attention to, the Assistant said that if
23 you get sentenced to 210 months or below, no appeal.

24 Do you understand that?

25 THE DEFENDANT: Yes, sir.

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1 THE COURT: Okay. Good. One other thing I am
2 going to ask the AUSA to do is this. First of all,
3 before I do that, you've read the plea agreement with
4 your attorney and you understand it, yes?

5 THE DEFENDANT: Me? Yes, your Honor.

6 THE COURT: And you read through it and you
7 discussed it, yes?

8 THE DEFENDANT: Yes, your Honor.

9 THE COURT: Okay, good. There is something we
10 call the elements of a charge, the elements of a crime.
11 It's the basic things the government has to prove at
12 trial in order to convict you. I want you to listen
13 because I am going to ask the AUSA to summarize those for
14 you, okay? Could you please do that for us?

15 MR. KNAPP: Sure. Here are the elements. It's
16 conspiracy to commit wire fraud, as I previously
17 mentioned. And the elements of conspiracy are first,
18 that two or more persons entered into an agreement; here,
19 to commit wire fraud.

20 And second, that the defendant knowingly and
21 intentionally became a member of that conspiracy.

22 The elements of wire fraud are the following.
23 First, that there was a scheme or artifice to defraud or
24 to obtain money or property by false and fraudulent
25 pretenses, representations or promises.

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1 Second, that a defendant knowingly and
2 willfully participated in the scheme or artifice to
3 defraud with knowledge of its fraudulent nature and with
4 specific intent to defraud.

5 And thirdly, that in the execution of the
6 scheme, the defendant used or caused the use of
7 interstate wires.

8 THE COURT: All right. So, Mr. Verderosa, you
9 understand -- I'm sorry, do you need a moment?

10 MR. ZELIN: No, your Honor. I have an unusual
11 request.

12 THE COURT: Anything you want.

13 MR. ZELIN: It is easier for Mr. Verderosa,
14 given his hip --

15 THE COURT: To stand?

16 MR. ZELIN: -- if he stands.

17 THE COURT: He can stand on the table.

18 MR. ZELIN: Thank you.

19 THE COURT: I don't --

20 MR. ZELIN: That I don't need him to do but --

21 THE COURT: You know what? Let's do this.
22 Again, counsel, you can join him. Why don't you stand at
23 the podium, so this way we have the mic, right?

24 MR. ZELIN: Yes, your Honor.

25 THE COURT: And you both can stand at the

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1 podium, the mic's right there and I am glad you raised
2 that.

3 MR. ZELIN: We just need a second, sir.

4 THE COURT: But come on over to the podium, we
5 can do it from there. And if you need to take a break at
6 any time, just say so, okay?

7 MR. ZELIN: Once he is standing, your Honor,
8 and he takes a couple of steps, he's okay.

9 THE DEFENDANT: Okie doke.
10 (Pause)

11 THE COURT: Wow, was that from a car accident?

12 THE DEFENDANT: I'm sorry, sir?

13 THE COURT: Was that from a car accident?

14 MR. ZELIN: The falling off of a boat.

15 THE COURT: Sorry, that's terrible. All right.

16 THE DEFENDANT: I thought I could fly.

17 THE COURT: All right. What I am going to next
18 is I am going to summarize the potential penalties, okay,
19 for the one count that we're talking about, okay?

20 THE DEFENDANT: Yes, sir.

21 THE COURT: So there is a maximum term of
22 imprisonment of 20 years.

23 Do you understand that?

24 THE DEFENDANT: Yes, sir.

25 THE COURT: And there's no minimum term of

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1 imprisonment, so we don't have to worry about that.

2 There's a maximum, what we call supervised release term
3 of three years.

4 Do you know what supervised release is?

5 THE DEFENDANT: Yes, sir.

6 THE COURT: It's like probation or parole,
7 right?

8 THE DEFENDANT: Uh-hum.

9 THE COURT: That was the older words for it.
10 Right? You're released. You've finished your sentence
11 but you're still under the jurisdiction of the Court and
12 if you do things like commit a new crime, or violate
13 certain conditions, you can go back to jail.

14 THE DEFENDANT: Yes, sir.

15 THE COURT: And in this case, up to two years
16 without credit for anything you've already served.

17 THE DEFENDANT: Understood, sir.

18 THE COURT: Okay. Now, let me go back to Mr.
19 Knapp for a second. Mr. Knapp, it says maximum fine
20 \$250,000 or twice the gross gain or loss. What am I
21 doing here, sir?

22 MR. KNAPP: Based upon our current estimates,
23 twice the gross gain in this case with regard to the
24 defendant would be \$682,000, so the amount would be in
25 excess of \$250,000.

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1 THE COURT: Right, but it would be \$1.3 million
2 dollars you're saying roughly?

3 MR. KNAPP: No, the gross gain, we are now
4 estimating at an amount of \$300- --

5 THE COURT: Oh, 682 is the double.

6 MR. KNAPP: It's double, exactly.

7 THE COURT: So what the AUSA is telling me, is
8 based on what they know and I am not sure they're right,
9 but that the fine could be up to like \$700,000.

10 Do you understand that?

11 THE DEFENDANT: Yes, sir.

12 THE COURT: Okay. I have to explain all the
13 risks, right?

14 Now restitution is another number and if I am
15 going to use the Assistant's number again, if there's
16 like 300- and some-odd-thousand dollars that is
17 attributable to you, you may have to pay the victims
18 back that amount.

19 Do you understand that?

20 THE DEFENDANT: Yes, sir.

21 THE COURT: Okay. In fact, that's mandatory.
22 To the extent that they calculate that number -- and the
23 reason I said may, I don't know what the number is going
24 to be or whatever the losses are, you have to replay.

25 Do you understand?

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1 THE DEFENDANT: Yes, sir.

2 THE COURT: In addition, there's a \$100 special
3 assessment that you must pay. Okay? That's a separate
4 fund, so you have to pay that.

5 And there's certain criminal forfeitures
6 specified in the agreement, which I am not going to go
7 through but there's certain funds that you agreed to
8 forfeit.

9 You understand that, yes?

10 THE DEFENDANT: Yes, sir.

11 THE COURT: All right. Good. Have you
12 discussed with your attorney the sentencing guidelines?
13 Has he told you about those?

14 THE DEFENDANT: I believe so, sir, yes.

15 THE COURT: Okay. That thing where they came
16 up with a level and an amount and they guessed at what
17 the sentence range could be, yeah?

18 THE DEFENDANT: Oh, yes, sir.

19 THE COURT: Yes.

20 THE DEFENDANT: Yes.

21 THE COURT: So what you have to understand is
22 that the sentencing guidelines, they're not mandatory.
23 The judge has to consider them but she doesn't have to
24 follow them at the end of the day.

25 THE DEFENDANT: Yes, sir.

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1 THE COURT: And she has to consider that, along
2 with certainly statutory factors such that she will
3 consider the nature and circumstances of the offense, and
4 your criminal history, if any, and your personal
5 characteristics in creating a sentence.

6 Do you understand that?

7 THE DEFENDANT: Yes, sir.

8 THE COURT: All right. What that means, the
9 only guarantee -- there's only one guarantee here and
10 that's that that 20-year statutory maximum.

11 Do you understand?

12 THE DEFENDANT: Yes, sir.

13 THE COURT: In other words, they could be wrong
14 about the sentencing guidelines or they could be right
15 and Judge Seybert doesn't follow them but 20 years is the
16 only guarantee.

17 Do you understand?

18 THE DEFENDANT: Yes, sir.

19 THE COURT: Okay, good. In formulating a
20 sentence, the district court must consider other factors
21 including the seriousness of the offense, just
22 punishment, protection of the public from additional
23 criminal conduct by you, or by others and where
24 appropriate, and I don't know if it's appropriate here,
25 your cooperation if the government files something called

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1 a 5k letter.

2 Do you understand all that?

3 THE DEFENDANT: Yes, sir.

4 THE COURT: Do you realize, sir, if the
5 sentence is more severe than you expect, if it's worth
6 than you thought, you can't withdraw the guilty plea.
7 You would still be bound it.

8 Do you understand that?

9 THE DEFENDANT: Yes, sir.

10 THE COURT: Okay. Do you have any questions
11 you would like to ask me about the charges, your rights,
12 or anything else related to this matter?

13 THE DEFENDANT: No, sir.

14 THE COURT: Are you ready to plead?

15 THE DEFENDANT: Yes, sir.

16 THE COURT: All right. Before I do that, Mr.
17 Zelin, is there any legal reason why this defendant
18 should not plead?

19 MR. ZELIN: None that I can think of, your
20 Honor. Thank you.

21 THE COURT: All right. Thank you.

22 And, sir, before I ask you about the plea, are
23 you satisfied with your legal representation?

24 THE DEFENDANT: Yes, sir.

25 THE COURT: Do you think Mr. Zelin did a good

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1 job?

2 THE DEFENDANT: Yes, sir.

3 THE COURT: All right. Good. Glad to hear
4 that. So in that case, what is your plea to Count 2 of
5 the indictment, guilty or not guilty?

6 THE DEFENDANT: Guilty, your Honor.

7 THE COURT: Are you making that plea of guilty
8 voluntarily and of your own free will?

9 THE DEFENDANT: Yes, sir.

10 THE COURT: Has anyone threatened you or forced
11 you to plead guilty?

12 THE DEFENDANT: No, sir.

13 THE COURT: Other than the agreement with the
14 government as stated on the record, has anyone made you
15 any promises that caused you to plead guilty?

16 THE DEFENDANT: No, sir. Bless you.

17 THE COURT: Has anyone made you a promise as to
18 what your sentence will be?

19 THE DEFENDANT: No, sir.

20 THE COURT: Okay. It's your lawyer's job, it's
21 Mr. Zelin's job to give you an estimate, right? He'll
22 say based on his experience, this is what I think the
23 guidelines are --

24 THE DEFENDANT: Yes, sir.

25 THE COURT: -- or this might happen but there's

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1 a difference between an estimate and a promise, right?

2 You understand that?

3 THE DEFENDANT: Yes.

4 THE COURT: Okay, all right. In that case,
5 sir, please describe for me in your own words what you
6 did here that makes you guilty of this count.

7 THE DEFENDANT: Yes, sir.

8 MR. ZELIN: If your Honor please, if my client
9 could be permitted to read the allocution, just for
10 purposes of clarity on the record.

11 THE COURT: Absolutely.

12 MR. ZELIN: And as he indicated, he is quite
13 nervous.

14 THE COURT: Yes, absolutely. Please go ahead.

15 MR. ZELIN: Keep your voice, take your time.

16 THE COURT: Take your time.

17 THE DEFENDANT: Sorry, but I didn't bring my
18 reading glasses, so just bear with me here.

19 THE COURT: Okay.

20 MR. ZELIN: I have a pair.

21 THE DEFENDANT: Between January --

22 MR. KNAPP: Would you like a pair?

23 THE DEFENDANT: Could I please?

24 MR. KNAPP: Yeah.

25 MR. ZELIN: Your Honor, if we may have a

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1 moment, the government is kind enough to provide --

2 THE COURT: Wait.

3 MR. ZELIN: -- my client with reading glasses.

4 In the spirit --

5 THE COURT: Okay. Mr. Knapp, you happen to
6 have the right prescription with you? That's
7 extraordinary.

8 MR. ZELIN: Only one way to find out, your
9 Honor. Thank you very much, Mr. Knapp.

10 THE DEFENDANT: Wow, they work.

11 MR. ZELIN: Good.

12 THE COURT: Does that help?

13 THE DEFENDANT: Yes, very much, sir.

14 THE COURT: Mr. Knapp, that's extraordinary.
15 Okay.

16 Go ahead, sir.

17 THE DEFENDANT: Thank you. Between January
18 14th and July 17th --

19 MR. ZELIN: No, no, 2014.

20 THE DEFENDANT: I'm sorry, yeah, 2014 --

21 MR. ZELIN: All right, slow.

22 THE COURT: -- and July, 2017, I worked as a
23 cold-caller at MyStreetResearch -- excuse me -- which was
24 previously known as TradeMastersPro and PowerTradersPress
25 and for ease of reference, I will refer to all of these

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1 businesses as MyStreetResearch.

2 MyStreetResearch was located at an office in
3 Melville, New York which is in the Eastern District of
4 New York. During the time I was working for
5 MyStreetResearch, I agreed along with others named in the
6 indictment, to induce investors to purchase stocks, so
7 that they would receive a financial benefit --

8 MR. ZELIN: We would.

9 THE DEFENDANT: So that we would receive a
10 financial benefit but the investors would not. While it
11 was not my intention to engage in criminal wrongdoing
12 when I first started working at MyStreetResearch, and did
13 not recognize at the time I started working, that there
14 was criminal wrongdoing taking place at MyStreetResearch,
15 I learned of the aims of the conspiracy later on and
16 continued it in my participation and at that time, I knew
17 that we were -- what we were doing was wrong.

18 I, along with the other defendants, knowingly
19 and intentionally misled investors as to the true value
20 of the stocks we were selling by overstating their
21 current and future earnings capacities.

22 Excuse me.

23 There were times when I was aware of the high
24 probability that investors are not being told the truth
25 but I deliberately avoided confirming that and failed to

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1 question my superiors. I used the telephone and email to
2 communicate with investors and to persuade them to
3 purchase stocks that I knew or willfully failed to
4 confirm were not worth what they represented them to be
5 worth and I knew or willfully failed to confirm that
6 these stocks would not perform in the manner we
7 predicted.

8 Specifically, the defendants, including me, who
9 were members of the conspiracy, misled investors about
10 the stock of National Waste Management Holdings Co.,
11 Inc., CES Synergies, Inc., Grill Cheese Truck, the
12 Hydrocarb Energy Corporation.

13 Some of the persons with whom I communicated by
14 telephone and email were located outside of New York
15 State.

16 In closing, as a result of our
17 misrepresentations to investors, I and others made money
18 as a result of this scheme. We did so at the expense of
19 the investors.

20 THE COURT: I know you just read a statement to
21 me, sir, but those are you words?

22 THE DEFENDANT: Yes, sir.

23 THE COURT: And that's what happened?

24 THE DEFENDANT: Yes, sir.

25 THE COURT: Mr. Knapp, is there anything you

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1 would like to inquire further about?

2 MR. KNAPP: No, your Honor. The government is
3 satisfied.

4 THE COURT: Okay. I think what I heard was an
5 amalgam of sort of knowledge and wilful blindness. Is
6 wilful blindness enough to satisfy the statute?

7 MR. KNAPP: Your Honor, to the extent that
8 there was a degree of wilful blindness in terms of verify
9 these --

10 THE COURT: That part.

11 MR. KNAPP: -- that is still, that would be
12 sufficient. There's also a degree of nonwilful blindness
13 that totally satisfies it.

14 THE COURT: Again, I thought I heard both.

15 MR. KNAPP: Yes, as did --

16 THE COURT: And I could inquire further.

17 MR. KNAPP: -- as did the government.

18 THE COURT: Right. Mr. Zelin, are you agreed
19 on that point? In other words, that the combination of
20 wilful blindness and nonwilful blindness is sufficient to
21 satisfy the requisites of the statute?

22 MR. ZELIN: Yes, your Honor, I do.

23 THE COURT: All right. Is there anything you
24 would like to add or ask your client to the allocution?

25 MR. ZELIN: No, your Honor.

Proceedings

1 THE COURT: Good. Mr. Knapp in that case, I am
2 going to ask you to outline the proof the government have
3 presented if this matter proceeded to trial.

4 MR. KNAPP: Yes. Had the matter proceeded to
5 trial, the government would have presented witnesses who
6 would testify against the defendant, including victims
7 and/or we would anticipate presenting co-conspirators.
8 We would also present bank records, telephone records,
9 records of other communications, all that would in our
10 estimation, establish the elements of the offense to the
11 jury beyond a reasonable doubt.

12 THE COURT: And you said you have transaction
13 records, as well?

14 MR. KNAPP: And transactional records, as well.

15 THE COURT: Mr. Zelin, anything else you need
16 to add?

17 MR. ZELIN: No, our Honor. Thank you.

18 THE COURT: All right. Then based on the
19 information given to me, I find that the defendant is
20 acting voluntarily, that he fully understands his rights
21 and the consequences of the plea and that there is a
22 factual basis for the plea.

23 I therefore recommend acceptance of the plea of
24 guilty to Count 2 of the indictment.

25 Do we have a sentencing date here?

Proceedings

1 MR. KNAPP: We do, your Honor. We've been
2 provided with the date, September 28th at 11 a.m.

3 THE COURT: Okay. So we have a sentencing
4 date. There's no application to change bail status,
5 correct?

6 MR. KNAPP: That's correct.

7 THE COURT: Okay. Mr. Verderosa, that means
8 you're going home. Right? We're going to keep the bail
9 conditions the same but between now and September,
10 there's a lot of work to be done. Your attorney has to
11 work on something called a presentence report for the
12 judge. He's going to need a lot of information from you.
13 Make sure you keep in touch with him. Make sure you keep
14 current on when you're supposed to be back because if you
15 don't come back, that's a big problem. Right?

16 THE DEFENDANT: Yes, sir.

17 THE COURT: All right. Good. Anything else we
18 should cover today for the government?

19 MR. KNAPP: No, your Honor.

20 THE COURT: Anything else for the defendant?

21 MR. ZELIN: Nothing, your Honor, thank you.

22 THE COURT: All right. Good luck to you, sir.
23 Take care.

24 THE DEFENDANT: May I --

25 MR. ZELIN: Your Honor, thank you very much.

Proceedings

1 THE DEFENDANT: May I say you're an excellent
2 magistrate.

3 THE COURT: We do our best.

4 THE DEFENDANT: Thank you.

5 MR. KNAPP: Thank you, your Honor.

6 MR. ZELIN: Thank you.

7 (Matter concluded)

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C E R T I F I C A T E

I, LINDA FERRARA, hereby certify that the foregoing transcript of the said proceedings is a true and accurate transcript from the electronic sound-recording of the proceedings reduced to typewriting in the above-entitled matter.

I FURTHER CERTIFY that I am not a relative or employee or attorney or counsel of any of the parties, nor a relative or employee of such attorney or counsel, or financially interested directly or indirectly in this action.

IN WITNESS WHEREOF, I hereunto set my hand this 14th day of June, 2018.


Linda Ferrara

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